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THE MILWAUKEE BUREAU OF ECONOMY AND EFFICIENCY

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New as is the movement to secure efficient government through the application of the principles of business management to municipal affairs, the experience of those who have been engaged in municipal efficiency work has already demonstrated the value of such work. No two groups of investigators have followed exactly the same methods of procedure or have faced the same problems, but each has thrown some light on the causes of inefficiency in local government, and has added something to the ever-increasing knowledge of effective remedies.

The Milwaukee Bureau of Economy and Efficiency is unique among organizations which have been formed for the purpose of investigating municipal methods in that it is a public bureau, created by resolution of the Common Council and financed from the public treasury. The organization of the bureau late in 1910 marked the beginning of general efficiency work undertaken by the municipality itself. Although the bureau is a part of the city government, it is not organized as a division of any of the municipal departments, nor does it constitute a department by itself. It partakes rather of the nature of a special commission which was created to perform a definite piece of work and which, therefore, in its present form at least is a temporary organization.

The first plan proposed for a municipal investigation in Milwaukee provided for a social and economic survey of the city similar to the Pittsburgh Survey. Somewhat later a suggestion was made that cost-keeping systems be installed in the municipal departments. Still later it was proposed that a complete efficiency study of the city government be undertaken. The essential features of these three ideas were combined so that the bureau as created has three principal purposes, viz.: to study the social and economic conditions of the city and make recommendations for betterment; to investigate and improve the organization, accounting, financing, operation, and business practice of the several municipal depart-

ments; and to devise and introduce methods for determining the unit costs of the various operations.

The Common Council selected Professor John R. Commons, of the University of Wisconsin, to direct the work to be undertaken by the bureau and left him free to choose his associates and staff. Professor Commons, whose major interests have been in social work and labor problems, associated with him Dr. B. M. Rastall to direct the efficiency studies. Recently Mr. Leslie S. Everts, who as Deputy Comptroller reorganized the central accounting system of the city, became one of the directors of the bureau. There is a small permanent staff which has been augmented from time to time by the addition of special investigators. A special feature of the organization of the Milwaukee bureau is the consulting staff, which consists of a group of the foremost authorities in the country in accounting, engineering, organization, finance and taxation, sanitation and social work. These consulting experts have assisted in planning the work of the bureau, and have critically reviewed the reports of all investigations made.

From the outset the bureau has had the advantage of the cooperation of individuals and organizations interested in municipal affairs. The position of the bureau as a public body has led the heads of the administrative departments and their subordinates to take advantage of the assistance offered them, and by suggestions and criticism to aid the bureau materially in its work. The state commissions, such as the Railroad Commission of Wisconsin, the Wisconsin Bureau of Labor, the Wisconsin Industrial Commission, the Wisconsin Tax Commission, and the State Board of Public Affairs have given aid in the solution of problems in their respective fields. Such private organizations as the University Settlement, the Consumers' League, and the Wisconsin Anti-Tuberculosis Society have conducted social studies jointly with the bureau.

When the program of work for the bureau was mapped out, the comprehensive social survey at first planned was modified to a series of social studies, each of which should be directly related to some problem of state or municipal administration or legislation, and each of which should result in definite constructive suggestions for the betterment of social conditions. These investigations have been financed entirely aside from the public appropriation for the work of the bureau. Private organizations and citizens interested

in social work have made some of these investigations possible by giving the bureau the services of their trained social workers, and by meeting the necessary expenses of the work. The Bureau of Labor, which was engaged in special research in Milwaukee, gave the Bureau of Economy and Efficiency the authority, and turned over to it the means for completing the work.

The social survey is based on the theory that one measure of the efficiency of government is the extent to which it promotes the welfare of the citizens. Since year by year the scope of the activities of the municipality broadens to include new fields of social service, there is a constantly increasing need of careful study to determine how these social problems can best be solved. The bureau has not by any means exhausted the field of social study, but it has aided the cause of social betterment by suggesting solutions for a number of important problems.

An investigation of the conditions under which newsboys live and work was the basis for the enactment of a regulative law. A study of housing conditions, which showed clearly that present laws were not being enforced, led to the appointment of a special commission to make a comprehensive survey of the field, and to plan remedial measures. Investigations of infant mortality and the milk supply were followed by the appointment of a special committee to study the sanitary and economic aspects of the milk supply. A plan suggested by the bureau for giving free legal aid to indigent persons has not as yet been accepted by any organization. During a period of industrial depression in the spring of 1911, the Merchants and Manufacturers Association maintained a free employment office. The bureau made a study of this office and of other methods of securing employment for those out of work, which resulted in the reorganization of the State Free Employment Office. Investigations of women's wages and of the garnishment of wages were the bases for proposed legislation. As a result of a recreational survey proposed by the bureau and made by the School Board and the Child Welfare Commission jointly, the start has been made toward the logical and systematic development of recreational facilities.

In the efficiency survey the same general lines of procedure have been followed as in similar work in industrial corporations. To present a comprehensive view of the problems to be attacked

and to enable the directors to form their plans so as to secure the maximum results in the time allowed for the work, rapid preliminary surveys of the organization, legal requirements, accounting, and operation of all the city departments were run. These preliminary studies showed that department heads were handicapped in any effort to improve their departments by the lack of proper records and accounts, by antiquated office systems, and by legal provisions which made cumbersome methods necessary.

The organization charts prepared in connection with the preliminary survey showed that the internal organization of the departments was loose and poorly defined, and that in the creation of new positions and the development of new activities no logical plan of organization had been followed, with the result that clearly related activities were often found in widely separated departments. Its knowledge of the activities of all city departments has enabled the bureau to suggest plans for properly co-ordinating and correlating the various activities, to point out opportunities for increased service to the public, and to indicate points at which departmental functions overlap. A general scheme of reorganization has been formulated which has been suggested as the basis for the ultimate complete reorganization of the city government.

At the time the bureau was established, it was planned that during the first year its intensive work should be confined to the Health Department and to the Department of Public Works. The original plan has been followed in general, but at various times investigations have been made outside of these two departments, and some of the studies in the Department of Public Works have not as yet been completed. As the work progressed, standard practices in accounting and business procedure were established and in each study the changes in organization and procedure necessary to secure the highest efficiency were pointed out. It is well understood that the effecting of ideal reorganizations in a municipality is seriously handicapped by budget and legal restrictions. The bureau has, therefore, recommended changes through which an immediate gain in efficiency is possible and has also made recommendations which can be put into effect only as funds become available or legal restrictions are removed.

The reorganization of the Water Works affords probably the most comprehensive illustration of the work of the bureau in the

Department of Public Works. The problems of this department, as brought out by a detailed study of operation, were approached from every possible angle. A water waste survey was made during the summer of 1911 to determine the losses in pumping and in the distribution system and the methods to be followed in eliminating them. An electrolysis survey was made to discover to what extent return currents from the rails of electric railway companies are damaging the underground iron and steel structures in the city. Recommendations made for minimizing this evil are under consideration. Following a study of the present operating efficiency of the Water Works plant, including intake, pumping stations, reservoir, and distribution system, recommendations for improvements to be made in the immediate future were submitted. A second study was made to determine the adequacy of the present plant and to make plans for the future growth of the system to care for the needs of the city twenty years hence. An entire revision of the Water Works as to organization, business practice, accounting, and records, to embrace all of the recommendations set forth in the detailed study and the special surveys has been completed and installed with the exception of such changes as require legislative sanction. Investigations of the completeness of collections and of personal efficiency of the employees of the Water Works have not yet been completed.

Other reorganization studies in the Department of Public Works have either been completed, or are at present in progress, for the Bureaus of Street Construction and Repair, Street Sanitation, Sewers, Bridges and Public Buildings, and City Engineer. The procedure in the general office of the department is likewise being revised. In addition to the general reorganization plans made for these bureaus and offices, special studies have been completed of the refuse incinerator, collection of garbage, collection of ashes and rubbish, procedure in special assessments, and consolidation of house drain and plumbing inspection.

The studies of the bureau in the Health Department embraced all of that department's activities. The preliminary survey brought out the necessity of much detailed investigation and reorganization in order to place the Health Department on a high standard of efficiency. The greatest hindrance to efficient work lay in the faulty organization of the department. There was no definite location of

responsibility among employees, and related activities were scattered throughout the organization. The reorganization plans of the bureau were designed to overcome these defects. Necessary location of responsibility among employees was determined upon, the correct grouping of activities was provided for, the proper functions of each division of the department were indicated, and the necessary system for a complete record of the work performed was designed. Special reports were submitted upon the functions of the Division of Education and Publications, the transfer of out-door nuisance inspection to the Police Department, control and inspection of the milk supply, sanitary inspection, the combatting of communicable diseases, the inspection of food products, and the Health Laboratory.

In addition to its work in the Departments of Public Works and Health, the bureau planned the form of consolidation of the Fire and Police Alarm Systems and installed an office and accounting system in the new department, reorganized the Municipal Reference Library, assisted the Board of Examiners of Stationary Engineers in planning their work, and prepared the defense for the city in an application for the reduction of water rates pending before the Railroad Commission of Wisconsin.

The bureau is now at work on a reorganization of the methods and records of assessment and taxation. The plans for the immediate future include an investigation of purchase methods and standards.

The recommendations of the bureau have at all times been given careful consideration. In general they have been adopted without modification. Some have been adopted in part only, and some few have failed to receive the approval of the department heads or the council.

The bureau has frequently pointed out problems which it has felt could best be solved through the united efforts of interested citizens. To this end it has recommended the creation of commissions, composed of representative citizens without regard to political affiliations, to study special problems and to devise and test means of solving them. Following these suggestions, a market commission, a tuberculosis commission, a housing commission, a child welfare commission, and a special milk committee of the latter commission, have been appointed. The bureau has assisted these

commissions to lay out their plans and has co-operated with them at every stage of the development of their work. It has never been the idea of the bureau that these commissions should be a permanent feature of city government. They have been established to solve definite problems. When satisfactory solutions are reached and the work of the commissions becomes routine operation, they should be discontinued and the work transferred to the proper municipal departments.

Many times it has been possible to make consolidations and reorganizations through which an immediate money saving to the city has been effected. At other times, future savings have been made possible through capital expenditure. While the amount of these savings cannot be accurately estimated, without doubt they are much greater in amount than the cost of the bureau. The bureau has always considered savings as a by-product to efficiency, and at times, notably in the reorganization planned for the Health Department, has not hesitated to recommend increased expenditure to secure the desired efficiency.

The cost-keeping system which the bureau is installing in the various departments is designed to analyze in detail the actual work of a department and to determine costs on the basis of the standard unit of output. The general form and principles of the cost system are the same for all departments. As far as possible, standard forms have been adopted, which are augmented by special forms to suit conditions peculiar to any department. The system has been installed in all departments and bureaus, the activities of which have been studied in detail. The uses of a cost system in a municipality are numerous. Such a system gives the department head accurate knowledge of the work of his department and enables him to control its operations understandingly; it provides a measure of efficiency of employees and equipment; it permits the making of full and complete detailed reports of operation, enabling the department head to analyze the cost of work; it places the departmental accounts on a revenue and expenditure, instead of a receipt and disbursement basis; it makes possible the compilation of reports of municipal expenditures in a form comprehensible to the lay reader; and it permits comparisons of cost through a period of time and with other cities in which similar cost systems may be in use. The bureau has probably made as thorough a study of the problems of

departmental accounting and municipal cost-keeping as has ever been made.

In connection with the cost system a system of departmental accounting is maintained in all departments in which the cost system has been installed. A schedule of accounts has been adopted, which is flexible enough to permit of adaptation to the needs of any department. This schedule is very complete. The Railroad Commission of Wisconsin, which has supervision of the accounts of public utilities, has ordered that the system designed by the bureau for the Water Works be installed and maintained for the trial period of one year. The commission will audit the monthly cost statements of this department. By the terms of a law enacted in 1911, the Wisconsin Tax Commission is given similar supervision over the accounts of the other municipal departments, and the general city accounts, on the initiative of the Common Council.

The bureau has begun the publication of a monthly cost bulletin, which will ultimately contain properly audited cost statistics of each department, analyzed and compared with the costs of previous months. It is hoped that this bulletin, which will report the financial transactions of the city departments in clear and concise form, and in non-technical language, will arouse the interest of the citizens in municipal affairs.

Within the past two years the central accounts of the city kept in the comptroller's office have been thoroughly revised by the deputy comptroller. The budget has been scientifically prepared, property accountability has been established, and the accounting control of the departmental expenditures perfected. The new system in the comptroller's office provides, by a more complete check on the City Treasurer than could be had under the old system, an exact accounting control, by funds, of all expenditures made and obligations incurred. The new system of general accounts in the comptroller's office and the department accounts installed by the bureau have been made to dovetail nicely, and together give a complete record of the city's activities.

The advantages which result to a city by establishing a research bureau as an integral part of the city government are immediately apparent. The department heads are more likely to have confidence in the bureau and co-operate in its work. Investigators are more certain of obtaining free access to all records and accounts, and

securing accurate knowledge of business and operating methods. Recommendations of the bureau are more likely to be given careful consideration.

Organization within the city government, however, is not without its disadvantages. The recommendations of such a bureau may be regarded by the public as coming from partisan motives rather than based on thorough efficiency investigations. Every change of administration endangers the continuance of the work.

A privately financed bureau for the investigation of municipal affairs might feel more free to inform the public of inefficiency in city administration than a bureau organized as a part of the city government. The unsatisfactory feature of the privately financed bureau, however, is the possibility that its recommendations are far less likely to receive consideration at the hands of public officials than the recommendations made by a bureau publicly financed. Thus it can be seen that a private bureau must be satisfied largely with exposing bad conditions and offering suggestions for remedying them, which may or may not receive the consideration they merit, while a public bureau uses the evidences of weaknesses and inefficiency it discovers merely as the basis for constructive recommendations.

Each form of organization has its place. While it may be necessary for some unprejudiced body to give the public exact information regarding municipal affairs, it is equally desirable that somewhere within the city government there be an organization whose function it is to point the way to efficiency by offering constructive methods and suggestions. Private corporations find it profitable to maintain efficiency departments. Surely municipalities with interests many times more diversified stand in as much need of such work as they.

The Bureau of Economy and Efficiency of Milwaukee was created for a definite purpose. When this purpose is fulfilled, the labors of the bureau as at present constituted will be at an end. The need for efficiency work will still continue, however, for it is to be expected that, as time goes on, changes and additions will need to be made to the systems installed by the bureau, and new fields of efficiency study will be opened with the introduction of new municipal activities. Some provision should be made for a permanent efficiency bureau in a department of the city government removed as far as may be from political influences.